

Board Policies Manual (BPM) for the Potsdam Food Co-op

Version 2020.09.15

1. Introduction and Administration

This Board Policies Manual (BPM) contains all of the current standing (ongoing) policies adopted by the Board of The Potsdam Food Co-op (henceforth referred to as “The Co-op”) since the initial approval of the BPM on February 23, 2009.

1.1. Reasons for Adoption. The reasons for adopting this BPM include:

- Efficiency of having all ongoing Board policies in one place
- Ability to quickly orient new Board members to current policies
- Elimination of redundant or conflicting policies over time
- Ease of reviewing current policy when considering new issues
- Providing clear, proactive policies to guide the Board, the General Manager (GM) and staff
- Modeling an approach to governance that other food co-ops might use

1.2. Consistency. Each policy in this document is expected to be consistent, severally and jointly, with the law, the articles of incorporation, and the bylaws, all of which have precedence over these Board policies, and with the other policies in this document. Except for time-limited or procedural-only Board decisions (approving minutes, electing an officer, etc.), which are recorded in regular Board minutes, all standing policies shall be included or referred to in this document. The GM is responsible for developing organizational and administrative policies and procedures that are consistent with this BPM.

1.3. Transition. Whether adopted part by part or as a complete document, as soon as some version of the BPM is approved by the Board, those policies are deemed to supersede any past policy that might be found in old minutes unless a prior Board resolution or contract obligates The Co-op with regard to a specific matter. If any actual or apparent conflict arises between the BPM and other policies or Board resolutions, the matter shall be resolved by the President or by the entire Board as may be appropriate.

1.4. Changes. These policies are meant to be reviewed annually and as necessary. The Board Nominating/Governance Committee formulates new language in the BPM and distributes proposed changes in advance. Proposed changes may be submitted by any Board member as well as by the GM. In most cases, proposed changes shall be referred to and reviewed by the appropriate committee before being presented to the Board for action. Any change to this BPM must be approved by the full Board. Whenever changes are adopted, a new document will be made available to the Board and staff. The previous version will be kept electronically for future reference if needed.

1.5. Specificity. Each new policy will be drafted to fit in the appropriate place within the BPM. Conceptually, policies should be drafted from the “outside in,” i.e., the broadest policy statement should be presented first, then the next broadest, etc., down to the level of detail that the Board finds appropriate for Board action and below which management is afforded discretion as to how it implements the policies in this BPM.

1.6. Oversight Responsibility. Below are the parts, the committees primarily responsible for drafting and reviewing those parts, and the individuals given authority to interpret and make decisions within the scope of those policies:

<u>Section</u>	<u>Oversight Committee</u>	<u>Implementation Authority</u>
1. Introduction	Nominating/Governance Committee	Vice President
2. The Organization Essentials	Full Board	President
3. Board Structure & Processes	Nominating/Governance Committee	Committee Chairs
4. Board–GM/Staff Relationship	Executive Committee	President/GM/Staff Liaison
5. Executive Parameters		
5.1 General Guidance	Nominating/Governance Committee	GM
5.2 Finance	Finance Committee	GM
5.3 Audit & Compliance	Finance Committee	GM
5.4 Succession	Nominating/Governance Committee	GM
5.5 Conflict of Interest	Nominating/Governance Committee	GM
5.6 Miscellaneous	As appropriate	GM

1.7. Maintenance of Policies. The Secretary shall ensure that all standing policies are recorded and published correctly in the BPM. The BPM will be posted on The Co-op’s website. The Secretary shall maintain the policies file and provide updated copies to the Board and the webmaster whenever the policies change, or upon request. Updated copies will be provided electronically. The Board will ask that legal counsel review this BPM biennially to ensure compliance with the law. Discrete documents (such as Board rosters, budgets, GM reports, Personnel Policy Manual), referred to in the BPM will be maintained as a Board President’s Reference Book. An updated BPM, Board President's Reference Book and The Co-op Archives will be kept in the fire-proof safe in the store, in addition to electronic storage.

2. The Potsdam Food Co-op Essentials

- 2.1.** Our **vision**: Everyone in our greater community feels welcome to shop, every shopper feels welcome to join, and every member/owner feels welcome to share their resources of time, talent, and investment capital.
- 2.2.** Our **mission**: The Potsdam Consumer Cooperative, Incorporated is owned and operated by its member/owners and is dedicated to meeting the community’s need for specialty and whole foods at the lowest possible cost. As a member of the local community interested in its well being, we attempt to use local sources whenever feasible. We strive to provide a pleasant shopping experience and working environment, with an emphasis on education, shared information and

developing our relationship with the community. We encourage environmental respect through the goods we sell and in the manner in which we conduct our daily operations. We are committed to providing a model of responsible business practices based on the cooperative principles of open membership, democratic control, limited return on share capital or investments, return of surplus to member/owners, continuous education, cooperation among cooperatives, and concern for our local community.

- 2.3. The **values** that guide everything we do are concern for healthy lifestyles, concern for fiscal and environmental well-being of the planet and, specifically, for Northern New York communities, community voice, a healthy balance of fiscal responsibility and social well-being of all community members served by The Co-op.
- 2.4. Our **ends**: The Potsdam Food Co-op exists so that: Everyone in our community can have reliable access to local, organic, and healthy food. North Country farmers and producers have a stable, honest, and robust marketplace. Customers have a welcoming place to shop, interact, and participate at many levels. Community members have a model of environmentally respectful practices and cooperative ownership.
- 2.5. The Board is accountable to the member/owners.
- 2.6. The primary **strategies** by which we will fulfill our mission include democratic decision making, ethical responsibility and accountability via documented processes of decision making and implementation, adherence to BPM policies and procedures, effective communication between the Board, the GM, and committee structure and The Co-op membership.
- 2.7. **Strategic Plans**. The Board will maintain a Potsdam Food Co-op Strategic Plan to reflect member/owner input and Co-op strategic/long-range planning (e.g., five-year plan). The Board President will ensure that the Strategic Plan is posted on The Co-op's website and updated annually, by November 1 each year. The GM will refer to the Potsdam Food Co-op Strategic Plan when developing the GM's primary strategies and annual goals.

3. **Board Structure and Processes**

3.1. **Governing Style**. The Board will approach its task with a style that emphasizes outward vision rather than an internal preoccupation, encouragement of diversity in viewpoints, strategic leadership more than administrative detail, clear distinction of Board and staff roles, and proactivity rather than reactivity. In this spirit, the Board will:

- 3.1.1. Enforce upon itself and its member/owners whatever discipline is needed to govern with excellence. Discipline shall apply to matters such as attendance, respect for clarified roles, speaking to management and the public with one voice, and self-policing of any tendency to stray from the governance structure and processes adopted in these Board policies.
- 3.1.2. Be accountable to the membership, staff, and the general public for competent, conscientious, and effective accomplishment of its obligations as a body. It will allow no officer, individual, or committee of the Board to usurp this role or hinder this commitment.

- 3.1.3. Monitor and regularly discuss the Board's own processes and performance, seeking to ensure the continuity of its governance functions by selection of capable directors, orientation and training, and evaluation.
- 3.1.4. Be an initiator of policy, not merely a reactor to staff initiatives. The Board, not the staff, will be responsible for Board performance.

3.2. Board Job Description. The job of the Board is to represent the member/owners in defining and monitoring appropriate organizational performance and envisioning the long-range direction of the organization. Accordingly, the Board will:

- 3.2.1. Seek out, listen to, and learn from member/owners' ideas, opinions, values and principles regarding The Co-op, and take this member/owner input into account when considering Board actions.
- 3.2.2. Educate member/owners about important organizational issues.
- 3.2.3. Report to member/owners regularly on the Board's activities and decisions.
- 3.2.4. Determine the mission, values, strategies, ends, and major goals/outcomes, and hold the GM, who functions as the Board's primary agent, accountable as outlined in Parts 4 and 5 of this BPM.
- 3.2.5. Determine the parameters within which the GM is expected to achieve the goals/outcomes.
- 3.2.6. Monitor the performance of The Co-op relative to the achievement of the goals/outcomes within the executive parameters.
- 3.2.7. Maintain and improve all ongoing policies of the Board in this BPM.
- 3.2.8. Select, fairly compensate, support, evaluate annually, and, if necessary, lawfully suspend, terminate or otherwise discipline a GM.
- 3.2.9. Ensure financial solvency and integrity through policies and practices. Require periodic financial and other external audits to ensure compliance with the law and with good practices.
- 3.2.10. Evaluate and continually improve our Board's performance as the governing Board, and set expectations for Board members' involvement as volunteers.
- 3.2.11. The Board also serves in an advisory capacity, primarily through its committees, to the GM upon the GM's request. Because this puts the Board's committees closer to the operations of The Co-op, it is critical that the Committees, and particularly the chairs, realize that "advisory" does not mean "executive." The responsibility for final decisions remains with the GM. The same is true when the Committees are working on implementation of operational goals such as computer and accounting systems. In its advisory role, the Board is subservient to the GM and great care must be taken to distinguish between this and the leadership/policy setting role that is the primary focus of this document.

3.3. Board Member Criteria. In nominating members for the Board, the Board Nominating/Governance Committee shall be guided by the process and timeline that is incorporated by reference to this BPM. Each prospective Board member will fill out a questionnaire that will enable the committee to evaluate the match of their abilities and interests to the needs of the Board.

3.3.1. Current paid employees can only fill the Class E Board seat as per the Bylaws.

3.3.2. More than one person from the same Class C member household may serve simultaneously on the Board, but no more than one person per Class C member household may serve as an officer.

3.4. Orientation. Prior to election, each nominee shall be given this BPM along with adequate briefings on the role of the Board, officers, and staff and an overview of goals, plans, and finances.

3.5. Selection of Directors and Officers. Each year the membership of The Co-op elects new Class C members of the Board of Directors at the annual membership meeting, which should be held by February 14th, or, at the latest, prior to the regular February Board meeting, according to the procedures outlined in the Bylaws.

3.5.1. The procedure for the election of said Class C Directors will be as follows:

3.5.1.1. A slate of Class C candidates for the Board of Directors shall be proposed as provided in the Bylaws.

3.5.1.2. The Nominating/Governance Committee shall approve the proxy authorization no later than 31 days before the annual meeting. The proxy authorization shall state the name of each person running for the Class C Board of Directors seats and otherwise comply with section 3.5.2.4.

3.5.1.3. The Class C proxy authorization shall be placed in The Co-op on the day the slate is posted as provided in the Bylaws.

3.5.1.4. The Class C proxy authorizations submitted shall usually be counted every week by the Nominating/Governance Committee. No person who is running for election may be involved in the counting of proxies. As proxies are counted, they shall be inspected by the Nominating/Governance Committee, which shall certify they came from the shareholder in question. Certification shall be indicated by the signature of the Chair of the Nominating/Governance Committee on the proxy authorization, or by a member of the Nominating/Governance Committee if the Chair of the Nominating/Governance Committee is running for election. The certification shall also state the date the proxy authorization was certified.

3.5.1.5. All Class C proxy authorizations shall be counted and certified no later than one hour before the annual meeting.

3.5.1.6. Before the election at the annual meeting, a quorum shall be determined by adding the number of members present plus the number of proxies given by members not present. If the number of members present plus the number of proxies given is under the number specified in the Bylaws, then the chair of the meeting shall entertain a motion to adjourn the meeting. This shall not prevent the Board of Directors from giving reports to the Membership in accordance with its annual responsibility at this time. This motion to adjourn shall specify that the meeting shall resume for purposes of continuing the election at a future time, usually one hour before the next regularly scheduled Board

meeting. If a quorum is present, then the motion or election shall be called for as provided in Robert's Rules of Order Newly Revised 11th Edition. The proxy holder and any members who are present who have not already given their proxy shall vote at that time, except that voting shall be done by ballot and not viva voce. On the ballot the person voting shall indicate their name, their member number, and the person or persons they are voting for.

3.5.1.7. Immediately following the completion of the balloting, the Nominating/Governance Committee shall verify that each ballot is from a member in good standing and that each ballot is not duplicative of any proxy previously given. If the ballot is not from a member in good standing, it shall be destroyed. If it is duplicative of any proxy previously given, the ballot shall be counted and not the proxy vote. The Nominating/Governance Committee shall then count the votes and announce the winners before the end of the meeting.

3.5.1.8. In the case of a tie for a Class C seat on the Board of Directors where the only question is the term of years that a candidate would serve, if all candidates are present, then the candidates will be asked by the Nominating/Governance Committee what terms they prefer. If all candidates are not present, the Nominating/Governance Committee shall speak to all candidates before the next regularly scheduled Board meeting to determine what terms they prefer, and the election will be certified 1 hour before the next regular Board meeting. If consensus cannot be reached or if the Nominating/Governance Committee cannot reach all candidates before the election must be certified, ties will be broken via a coin toss when there are two candidates, or a drawing of lots for more than two candidates, overseen by the President of the Board or his or her designee. In the case of a tie for a position on the Board of Directors when the question would result in one candidate serving a term and another candidate not serving a term, the tie will be broken via a coin toss when there are two candidates, or a drawing of lots when there are more than two candidates, overseen by the President of the board or his or her designee.

3.5.2. Class C Proxy Procedure:

3.5.2.1. Class C members of the Potsdam Food Co-Op shall be permitted to give their proxy via a proxy authorization in store or via e-mail.

3.5.2.2. Each shareholder shall be requested to provide one official e-mail address that e-mail proxies shall be sent from.

3.5.2.3. When election information is posted, or when any other motion for consideration by the membership is posted, the Nominating/Governance Committee chair or his/her designee shall send an e-mail to all official e-mail addresses on file for current shareholders stating:

3.5.2.3.1. the information as to the motion or election under consideration

- 3.5.2.3.2. the name of the designated proxy holder and the name of one alternate
- 3.5.2.3.3. the deadline for proxy authorizations
- 3.5.2.3.4. that members may give their proxy by either coming in to The Co-op and filling out a proxy authorization form, or by sending an e-mail to elections@potsdamcoop.com stating:
 - 3.5.2.3.4.1. the name of the representative of the member-household
 - 3.5.2.3.4.2. the member number
 - 3.5.2.3.4.3. the name of the person they are giving their proxy to, and any alternates, and if no name is stated, the designated proxy shall be assumed
 - 3.5.2.3.4.4. how they wish for the proxy to vote on the matter under consideration, or, that they wish the proxy holder to vote at their discretion
- 3.5.2.4. In-store proxy authorizations shall be placed in a conspicuous place next to a secure and/or locked box for depositing completed proxy authorizations. The form shall contain the following:
 - 3.5.2.4.1. a space for the member's name, member number, and signature. It shall be stated that these are required for an official proxy.
 - 3.5.2.4.2. the name of the proxy holder and alternate.
 - 3.5.2.4.3. a space for the member to indicate their preference on the motion or election under consideration, and a space for the member to indicate that they wish the proxy holder to vote at their discretion.
- 3.5.3. The procedure for the election of the Class E Director will be as follows:
 - 3.5.3.1. Annually, in December, the Nominating/Governance Committee (via the GM and/or current Class E Board member) will notify all Class E members of the opportunity to run for the Class E seat on the Board and provide the Class E Prospective Board Member Questionnaire for interested candidates to complete.
 - 3.5.3.2. Interested Class E nominees will complete the Class E Prospective Board Member Questionnaire and submit it to the Nominating/Governance Committee via the current Class E Board member and/or the GM by the January Nominating/Governance Committee meeting.
 - 3.5.3.3. The Nominating/Governance Committee will create a proxy authorization including the names of all Class E nominees and will ensure it is distributed to all Class E members via the GM and/or the current Class E Board member.
 - 3.5.3.4. Class E proxy authorizations shall be placed in a conspicuous place in the office of The Co-op next to a secure and/or locked box for depositing completed proxy authorizations.
 - 3.5.3.5. Completed Class E proxy authorizations will be returned to the Nominating/Governance Committee via the GM and/or the current Class E Board member in time to be tallied at the February annual

meeting.

- 3.5.3.6. A quorum for election of the Class E Board member shall be a majority of Class E members.
- 3.5.3.7. In the case of a tie for the Class E seat on the Board of Directors, ties will be broken via a coin toss when there are two candidates, or a drawing of lots for more than two candidates, overseen by the President of the Board or his or her designee.
- 3.5.4. Outgoing Board members and, in particular, officers, will continue to fulfill their duties (and will continue to receive the appropriate volunteer discount) until election of new Board members has occurred.
- 3.5.5. Once quorum in the Class C Board member elections has been reached and prior to the February Board meeting, a representative of the Nominating/Governance Committee will provide newly elected and continuing Class C members of the Board of Directors with a questionnaire soliciting interest and skills to serve in officer positions. Completed questionnaires will be submitted by e-mail to the chair of the Nominating/Governance Committee within a week of certification of the Board election. The Committee will convene to establish a slate of officers that can be included on the agenda of and put forward for a vote of the Board at the February Board meeting. Newly elected officers will take over their duties following the officer elections at the February Board meeting. The chair of the Nominating/Governance Committee will ensure that newly elected officers are briefed by outgoing officers and have the necessary documents to fulfill their respective officer responsibilities as outlined in BPM 3.6 below. At no time will the Nominating/Governance Committee allow an officer position to be vacant; rather, the Committee will ask an outgoing officer to continue in the position as set out in BPM 3.5.1 or nominate and seek Board approval for a temporary replacement from among eligible Board members in order to support the proper functioning of the Board and the Co-op as a whole.
- 3.5.6. **Vacancies.** The Co-op Bylaws state in Article V, Section 8, that "If a vacancy occurs for a Class C seat on the Board of Directors, a successor shall be appointed by a majority of Board members present at a regularly scheduled Board meeting. If a vacancy occurs for a Class E seat on the Board of Directors, potential candidates shall be nominated as per Article IV, Section 4, and a Special Meeting shall be held for Class E members only within 60 days of the seat becoming vacant. The successor must meet the requirements of holding that board seat as outlined in Article V, Section 1. The Board must be notified of this agenda item at least (10) days in advance of the meeting. The term of the appointment shall be until the next annual meeting at which time a successor shall be elected by the membership to complete the remainder of the term of the Board member being replaced.."

Class C appointment procedure:

- The name of any potential candidate for Class C appointment to the Board of Directors will be communicated to the

Nominating/Governance Committee.

- The Nominating/Governance Committee will notify the Class C Board members with the name of the potential candidate.
- If no objection is raised within 48 hours of notification, the Nominating/Governance Committee will contact the potential Class C candidate, providing information about serving on the Board. If the candidate agrees to consider serving on the Board, a questionnaire will be sent to the candidate. Once completed, the questionnaire will be forwarded to all Board members prior to the next Board meeting.
- The Nominating/Governance Committee will invite the Class C candidate to the next Board meeting, and will request that the mid-term Board appointment be added to the agenda for that Board meeting.
- When the Board is ready to discuss the appointment at the next meeting, the President or his/her designee will ask the Class C candidate if (s)he is willing to serve on the Board until the next annual meeting. If affirmative, the President or his/her designee will ask for a motion to appoint the candidate.

3.6. Officer Responsibilities:

3.6.1. **President.** The job of the President is, primarily, to maintain the integrity of the Board's processes. The President manages and leads the Board. The President is the only Board member authorized to speak for the Board, other than in rare and specifically Board-authorized instances.

The President ensures that the Board behaves in a manner consistent with its own rules and those legitimately imposed upon it from outside The Co-op. Meeting discussion content will be those issues that, according to Board policy, clearly belong to the Board to decide, not to staff.

The authority of the President consists only in making decisions on behalf of the Board that fall within and are consistent with any reasonable interpretation of Board policies in Parts 3 and 4 of this BPM. The President has no authority to make decisions beyond policies created by the Board. Therefore, the President has no authority to supervise or direct the GM's work, but is expected to maintain close communication with, offer advice to, and provide encouragement to the GM and staff on behalf of the Board. In particular the President

- Facilitates the Board meetings
- Represents the Board before the membership
- Signs forms when needed
- Contacts and works with legal counsel when necessary
- Is responsible for the General Manager's annual evaluation
- Is responsible for the annual report
- Maintains the Board President's Reference Book with all pertinent documents to which Board members might want to refer during Board and committee meetings (e.g., Board Roster, articles, Bylaws, committee roster, list of key volunteers/consultants, Board documents referred to in this BPM, Personnel Policy Manual, detailed procedures,

GM reports, etc.)

3.6.2. **Vice President**

- Assists the President
- Serves as chair or designates a chair of the Nominating/Governance Committee
- Fills in when the President is not able to do so

3.6.3. **Treasurer**

- Serves as chair of the Finance Committee
- Is authorized to sign checks
- Keeps abreast of the financial situation of The Co-op.
- Provides a quarterly report including: (a) A one- or two-page “Dashboard” report showing agreed-upon key indicators that track designated financial information; (b) Expense and revenue against budget report with comparison to previous year; (c) balance sheet; (d) cash flow projections

3.6.4. **Secretary**

- Prepares, posts and distributes the Board meeting agenda by the Friday preceding the Board meeting
- Files and posts the approved minutes
- Maintains the Board archives with copies of agendas, minutes, correspondence, newsletters and all other pertinent documents as per section 1.7
- Records and ensures the publication and distribution of changes to the BPM as per section 1.7
- Ensures that minutes are recorded at every meeting of the Board
- Maintains the electronic mailing lists of committees and the board and maintains the permissions on shared electronic files

3.6.5. **Staff Liaison.**

- The Board will also ensure that at least one and, if appropriate, two Class C Board members are willing to act as Staff Liaison(s).
- The Staff Liaison is not a Board Officer but is elected and/or re-elected during annual officer elections. The Staff Liaison is responsible for the Board–GM/Staff Relationship and reports to the Executive Committee.
- Is listed as the Staff Liaison on the Board Roster made available to Co-op staff
- Preferably has human resources experience or undergoes a briefing/training from the GM or the human resources key volunteer/consultant on the list maintained by the Board President.
- Regularly reads and reviews the Personnel/Employee Policy Manual that is maintained by the GM
- Is available to staff to discuss staff member concerns
- Addresses staff member concerns by consulting the Personnel/Employee Policy, GM and/or Executive Committee
- Resolves staff member concerns promptly, appropriately and consistent with this BPM and the Personnel/Employee Policy Manual, either as an alternative to or as an advisor on the written grievance

policy outlined in the Personnel/Employee Policy Manual

3.7. Board Meetings. Policies that are intended to improve the process for planning and running meetings follow:

- 3.7.1. The schedule for Board meetings shall be set annually and posted on the website. Any change in meeting times will be posted prominently on the website.
- 3.7.2. The GM shall work with the President and the Committee Chairs in developing agendas, which, along with background materials for the Board and committees, monitoring reports, recommendations for changes in the BPM, previous minutes, and other such materials, shall be made available by the Secretary to all Board members by the Friday preceding the Board meeting.
- 3.7.3. Minutes and the updated BPM shall be made available by the same process to Board members within 5 days of Board meetings.
- 3.7.4. A Board retreat will be held in March for the purpose of socializing, establishing annual goals, the annual calendar, and ad hoc committees.
- 3.7.5. Regular Board meetings shall be held according to the Annual Board Calendar. The operating and capital budgets will be approved at the February meeting, after prior consideration by the Finance and Executive Committees. The February meeting shall include a review of the performance of the GM and The Co-op for the past year (e.g. the annual report). Special meetings of the Board may be held, the procedure for which is outlined in the Bylaws.
- 3.7.6. Member/owner gatherings will be held at least once a year for the presentation of current issues and financial information and solicitation of member/owner input. The regular Board meeting for those months may either precede, follow, or be held on a different date, than the member/owner gatherings. Member/owners are also welcome to speak and present issues to the Board at any regularly scheduled Board meeting during an allotted time on the agenda. The time allotted for member/owner comments and for comments by individual member/owners at any meeting is at the discretion of the President.
- 3.7.7. The Board will review its own process on an annual basis. The Nominating/Governance Committee will review the self-evaluation form for distribution at the December meeting. The completed forms will be analyzed and summarized by the Committee, which will report the results of the evaluation to the Board at the January meeting

3.8. Board Committees. The purpose of The Co-op's Board committees is to involve membership and to support the Board's work. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. Except for standing committees, committees will be used in an *ad hoc* capacity.

- The charge and scope of the Board committees is the Board's responsibility.
- The President is an *ex-officio* member of all committees.
- The GM is encouraged to attend meetings of all committees.

- The current standing committees are Executive, Nominating/Governance, Finance, Outreach, and IT.
 - The Executive Committee is Chaired by the Board President. The Nominating/Governance Committee is Chaired by the Board Vice President or their designee. The Finance Committee is Chaired by the Board Treasurer.
 - Chairs of the other Standing Committees, and any ad hoc committees, shall be selected by the Committee members.
 - Membership on a Board committee is open to all interested members/owners of The Co-op. The Committee Chair has the discretion to determine the optimal number of members, and the authority to solicit new members. The Chair should establish criteria for participation and should ask inactive or ineffective members to resign.
 - Committee members may earn the working member/owner discount for the duration of their active service on a Committee. Committee Chairs will notify the GM or designated staff person when an individual joins or leaves a Committee.
 - Every committee member has an equal vote in the committee's decisions.
 - Committee decisions are reported to the Board or the GM as requests for action. The Board or GM then approves, modifies or overrides the decision in the best interest of The Co-op.
 - All Co-op member/owners are welcome to attend committee meetings, however, participation by non-committee members is at the discretion of the Committee Chair and only committee members may vote on an issue.
 - Committee meeting dates and times will be established in advance and posted on the website. Changes to these dates and times will also be posted on the website.
 - A Committee Report will be prepared after each meeting and made available to committee members and the Board. As part of that report, the Chair or their representative will bring to the Board any recommendations and proposals on substantive issues, suggesting a specific course of action, and elaborating as well as possible the ramifications of a yes or no vote.
- 3.8.1. **Executive Committee.** The Executive Committee is composed of the President, Vice-president, Secretary, and Treasurer. Executive Committee meetings should be held prior to the established Board meeting. The Executive Committee shall have the authority to act for the Board on all matters if it determines that it would be imprudent to wait for the next Board meeting to take such action. With respect to any action taken on behalf of the Board, (1) the Executive Committee is required to report the action to the Board within 10 days, and (2) the Board must accept the action at the next Board meeting. The Board has the authority to void decisions made by the Executive Committee.
- 3.8.2. **Nominating/Governance Committee.** This committee will maintain the Annual Board Calendar and Board Policies Manual, and recommend policies to the Board pertaining to governance issues and processes, including the orientation and training of new Board members, the evaluation and improvement of the contribution of individual Board members and

officers, and the recommendation of Bylaw and Board Policies Manual changes. The committee will develop a roster of potential Board members based on the Board profile, and will nominate all Board members and officers. The committee provides the Board with candidates for vacancies that occur during a Board term.

3.8.3. **Finance Committee.** This committee will develop and recommend to the Board those financial principles, plans, and courses of action that provide for mission accomplishment and financial well-being. Consistent with this responsibility, it will review the annual budget and submit it to the Board for its approval. In addition, the committee shall make recommendations with regard to the level and terms of indebtedness, cash management, investment policy, risk management, financial monitoring and reports, employee benefit plans, signatory authority for expenditures, and other policies for inclusion in the BPM that the committee determines are advisable for effective financial management. The Finance Committee will examine the financial ramifications of policy changes. It shall recommend an external auditor for the Board approval, and review the audit. The Finance Committee is also available, in an advisory capacity, to the GM to help with financial management.

3.8.4. Other committees as determined by the Board.

3.9. Management Committees. The Board will assist the GM with specific management tasks by participating on standing and ad hoc committees. These committees are under the authority of the GM and their recommendations and proposals are presented to the Board in the Manager's monthly report. Any interested Board member can serve on these committees, but with the understanding that they are serving *outside* of their Board roles, as volunteers to the GM. The current management committees are:

3.9.1. **Building and Grounds Committee** The Building and Grounds Committee is responsible for improving store layout, environment and appearance and for maintaining the physical plant.

3.9.2. **IT Committee.** This committee is responsible for streamlining Board communications and best management practices for Board information. It is also available to advise management on the state of current technology being used at The Co-op, and foreseeing future IT needs as the technology used to support the store advances and new needs arise. This includes making recommendations for implementing new software and/or hardware.

3.9.3. **Outreach Committee** The Outreach Committee focuses on planning and executing Co-op events as well as representing the Co-op at community events. For Co-op events, the committee supports staff in setting goals, securing a venue, publicizing the event, coordinating participants (vendors, speakers, musicians, volunteers), set-up, tear-down, evaluation, and anything else that might arise. The Outreach Committee works with other committees to coordinate events when necessary. For events sponsored by other organizations, this committee helps determine if Co-op

presence is a good use of resources, and supports staff in setting goals, registering and staffing a table or booth, and develops material and set up for each event.

3.10. Board Members' Code of Conduct The Board expects of itself and its members ethical and businesslike conduct. Board members must avoid any conflict of interest with respect to their fiduciary responsibility. There must be no self-dealing or conduct of private business or personal services between any Board member and The Co-op except as procedurally controlled to assure openness, competitive opportunity, and equal access to "inside" information. Board members will make no judgments of the GM or staff performance except as the performance of the GM is assessed against explicit Board policies and agreed-upon performance objectives.

4. **Board–GM/Staff Relationship**

4.1. Delegation to the General Manager (GM). While the Board's job is generally confined to establishing broad policies, implementation and subsidiary policy development are delegated to the GM.

4.1.1. All Board authority delegated to staff is delegated through the GM, so that all authority and accountability of staff—as far as the Board is concerned—is considered to be the authority and accountability of the GM.

4.1.2. The Potsdam Food Co-op Essentials policies (Part 2) direct the GM to achieve certain results. Executive Parameters policies (Part 5) define the acceptable boundaries of prudence and ethics within which the GM is expected to operate. The GM is authorized to establish all further policies, make all decisions, take all actions, and develop all activities as long as they are consistent with a reasonable interpretation of the Board's policies in this BPM.

4.1.3. The Board may change its policies, thereby shifting the boundary between Board and GM domains. Consequently, the Board may change the latitude of choice given to the GM, but so long as any particular delegation is in place, the Board and its members will respect and support the GM's choices. This does not prevent the Board from obtaining information in the delegated areas.

4.2. GM Job Description. As the Board's single official link to the operations of The Co-op, GM performance will be considered to be synonymous with The Co-op's performance as a whole. Consequently, the GM's job contributions can be stated as performance in two areas: (a) the accomplishment of the GM's primary strategies and annual goals consistent with the Board Strategic Plan mentioned in Section 2.7, and (b) the management of operations within the boundaries of prudence and ethics established in Board policies on Executive Parameters. The GM will develop the GM's primary strategies and annual goals, update them annually by November 1 each year and/or as necessary following the GM's annual performance review.

4.3. Communication and Counsel to the Board. With respect to providing information and counsel to the Board, the GM shall keep the Board informed

about matters essential to carrying out its policy duties. Accordingly, the GM shall:

- 4.3.1. Inform the Board of relevant trends and material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established, always presenting information in as clear and concise a format as possible.
- 4.3.2. Relate to the Board as a whole except when fulfilling reasonable individual requests for information or responding to officers or committees duly charged by the Board.
- 4.3.3. Report immediately any actual or anticipated material noncompliance with a policy of the Board, along with suggested changes.

4.4. Monitoring Executive Performance. The purpose of monitoring is to determine the degree to which the mission is being accomplished and Board policies are being fulfilled. A given policy may be monitored in one or more of three ways:

- 4.4.1. **Direct Board inspection:** Discovery of compliance information by a Board member, a committee, or the Board as a whole. This includes Board inspection of documents, activities, or circumstances that allows a "prudent person" test of policy compliance.
- 4.4.2. **External report:** Discovery of compliance information by a disinterested, external person or firm who is selected by and reports directly to the Board. Such reports must assess executive performance only against legal requirements or policies of the Board, with suggestions from the external party as to how The Co-op can improve itself.
- 4.4.3. **GM reports:** The GM shall help the Board determine what tracking data are available to measure progress in achieving the mission and goals and conforming to Board policies. Currently the Board requests these regular monitoring reports, in addition to any specific reports requested in other sections of the BPM:
 - 4.4.3.1. Monthly: Informal GM reports on achievements, problems, sales, Board notices, membership statistics, and relevant Ends Policy-related items.
 - 4.4.3.2. Annually: Within 60 days of the end of the fiscal year, (a) end-of-year expense and revenue against budget; (b) balance sheet; (c) staff organization chart (or whenever major changes are made); (d) other reports that the Board may define in this BPM. If there is no business meeting in a particular month (e.g., February), the GM will submit reports to the Executive and Finance committees.

4.5. Annual Performance Review. The Board evaluates the General Manager on an annual basis for the purpose of improving both individual employee performance and overall effectiveness. This review takes place concurrently with the evaluation of GM's Bonus Agreement, if one is in place. The purposes of the formal performance evaluation are as follows:

- To offer appreciation for the GM's strengths and contributions to The Co-op.
- To clarify expectations and provide constructive feedback on areas where there is room for improvement.

- To enable the Board to acquire information useful in making fair personnel decisions based on goals agreed upon between the Board and the GM.
- To set goals for the next evaluation.

The Board will evaluate the GM following the 90-day trial period and once a year thereafter. The annual evaluation is begun in January and finalized in March. The Board also has the discretion to schedule an unplanned evaluation if it believes there is a serious discrepancy between GM job performance and established goals and approved policy.

Annual evaluations involve a written self-evaluation statement that focuses on the fulfillment of the duties and obligations of the GM in his or her job and to the setting of primary strategies and annual goals for the following year. In addition to the self-evaluation on the part of the GM, input for the annual evaluation will be sought from individual directors, staff and the membership on appropriate aspects of the GM's job description. Once the evaluation process is complete, the Executive Committee will meet with the GM and prepare a letter summarizing the evaluation. The Executive Committee will make a recommendation to the Board on any increases in salary, or bonuses, which, when approved, will be written into the upcoming budget.

4.6. Staff Compensation. The GM is expected to hire, train, motivate, educate, compensate, and terminate staff in a professional fashion.

The Co-op is committed to paying employees a living wage and shall have as its goal providing annual salary/wage increases at least equal to the annual federal Cost of Living Allowance (COLA), depending on Co-op resources. However, any salary/wage increases will be dependent on the following factors:

- annual Co-op performance (surplus/deficit)
- employee benefit costs, and
- employee's annual performance evaluation.

4.7. Staff Treatment. With respect to treatment of paid and volunteer staff, the GM may not cause or allow conditions that are inhumane, unfair, or undignified. Accordingly, s/he may not:

- 4.7.1. Discriminate among employees on other than clearly job-related, individual performance or qualifications. Cause or allow discrimination on the basis of race, national origin, age, sex, sexual orientation, marital/parental status, religion, veteran status, lifestyle, or other lawfully protected class.
- 4.7.2. Fail to take reasonable steps to protect staff from unsafe or unhealthy conditions.
- 4.7.3. Withhold from staff a due-process, unbiased grievance procedure.
- 4.7.4. Discriminate against any staff member for expressing an ethical dissent.
- 4.7.5. Prevent staff from grieving to the Board when (a) internal grievance procedures have been exhausted and (b) the employee alleges that Board policy has been violated to his or her detriment.
- 4.7.6. Fail to acquaint staff members with their rights under this policy or policies in the Personnel Policy Manual.

4.8. Employee Policy Manual

The GM shall:

- develop and maintain an employee manual that is reviewed whenever revised by competent legal counsel
- provide copies of this manual to the Board for information annually in April.
- provide copies of the manual to all new employees.

4.9. Customer Relations With respect to interactions with customers, the GM shall not cause or allow conditions, procedures, or decisions that are unwelcoming, unsafe, undignified, unprofessional, disrespectful, inequitable, or unnecessarily intrusive. Specifically, the GM shall not:

- Cause or allow the name, address, phone number, email address, or any other personal information about any member to be disclosed to any person without the written consent of the member who is the subject of the information, except to the extent necessary or appropriate to operate The Co-op, provide services and information about The Co-op members, and comply with applicable law.
- Operate without written customer service policies that clearly communicate to staff expectations for staff-customer interactions, outline means for establishing and reinforcing a culture of service, and provide for effective handling of customer grievances.
- Cause or allow customer service discrimination on the basis of race, national origin, age, sex, sexual orientation, marital/parental status, religion, veteran status, lifestyle, or other lawfully protected class.

This policy will be monitored through a review of a report from the GM annually in April.

4.10. Resignation:

- The GM is expected to give at least a one month notice of the intention to resign.
- The Board has the discretion to request a letter of resignation and to hold an exit interview with the GM.
- The last paycheck will be issued on the regular payday following the last period in which the GM worked.
- Any store key(s) must be returned to the Board President at the time of resignation.
- Accrued vacation time will be paid to the GM who resigns if sufficient notice has been given and any store keys are returned.
- The Board has the discretion to provide a reference upon request.
- The reference may confirm dates of employment and may include information relevant to past performance evaluations.

4.11. Termination. The Board has the discretion to terminate the employment of the GM solely for good cause, as defined by the Board, to include the case that a performance evaluation reveals a conflict between the GM's job performance and the expectations of the Board in terms of stated and agreed upon goals, approved policy and the GM's job description. In the case of termination, the Board will decide if the GM should be allowed the option of remaining in the position until a new GM has been hired. If the Board decides otherwise, the

contingency plan for succession (section 5.4) will be put in place.

4.12. GM Transition Committee. The Board President is authorized, as soon as a vacancy or scheduled departure of the GM is known, to appoint a Search Committee and Committee Chair. The Search Committee shall include at least 2 Board members. The Search Committee shall present qualified candidates to the full Board for selection. The Executive Committee shall, at the time of selection, negotiate the new GM's compensation.

5. Executive Parameters

5.1. General Guidance. The purpose of the remainder of the BPM is to detail those executive parameters that will guide the GM and the staff as they accomplish the mission of The Co-op. These parameters are intended to free the GM and the staff to make timely decisions without undue Board directives. The Board expects that the GM will do nothing that is illegal, unethical, or imprudent. Beyond these general parameters, the Board details its executive parameters in the major sections that follow in Part 5.

5.2. Finance Parameters. The GM must ensure that the financial integrity of The Co-op is maintained at all times; that proper care is exercised in the receiving, processing, and disbursing of funds; and that financial and nonfinancial assets are appropriately protected.

5.2.1. Budgeting. The operating budget is prepared by the GM, with the assistance of the Finance Committee. It is then submitted to the Board for approval or modification. The GM will ensure that Co-op operations comply with the budget.

5.2.2. Financial Controls. The GM must exercise care in accounting for and protecting the financial assets of The Co-op. To this end, the GM is expected to incorporate generally accepted accounting principles and internal controls in the financial systems that are employed in The Co-op. In addition, the GM will:

5.2.2.1. Receive, process, and disburse funds under controls sufficient to meet the Board-appointed auditor's standards.

5.2.2.2. Approve an unbudgeted expenditure or commitment of greater than \$5,000 only upon the approval of the full Board.

5.2.2.3. Approve an unbudgeted expenditure or commitment of greater than \$2,000 only upon the approval of the Finance Committee.

5.2.2.4. All transactions must be accompanied by a paper or electronic record with sufficient detail to determine the source and use of all items and funds in the transaction. Coop staff must verify and sign off on the validity and accuracy of the transaction and transaction record. Payment requests must be verified and signed off on by a second staff member before payment is authorized. In cases where a transaction might create a conflict of interest with a particular staff member, a different staff member or members must verify the transaction.

5.2.2.5. Only the Board may authorize the opening, modifying, or closing of bank accounts, credit card accounts, loans, and other

financial instruments.

5.2.2.6. Access to financial records will be only as needed and as authorized by the GM or the Treasurer.

5.2.3. **Asset Protection.** The GM will insure that assets are protected, and adequately maintained. Accordingly, the GM will:

5.2.3.1. Maintain The Co-op's insurance against theft and casualty losses to at least 80 percent of replacement cost and against liability losses to Board members, staff, or The Co-op itself beyond the minimally acceptable prudent level.

5.2.3.2. Ensure proper maintenance and use of store and office equipment.

5.2.3.3. Avoid exposing The Co-op, its Board, or its staff to claims of liability.

5.2.3.4. Make individual purchases of over \$10,000 only upon formal approval by the Board.

5.2.3.5. Acquire, encumber, or dispose of real property only upon Board approval.

5.2.4. **Surplus Funds.** In the event that The Co-op has an operating surplus at the end of a fiscal year, the Board shall consider the following five uses of such funds:

- Maintenance/Renovation
- Expansion/Growth
- Staff Compensation
- Retiring Debt
- Contributions to reserve funds
- Patronage Dividends, if implemented

5.2.5. **Financial Accounts.** All Co-op funds will be kept in insured bank checking and/or savings accounts approved by the Finance Committee or in other financial investments approved by the Board. The Board will approve only investments that preserve the invested principal.

5.2.6. **Pricing Policy.** The Pricing Policy shall comply with The Co-op Mission Statement and the budget.

5.2.7. **Purchasing Policy.** The Purchasing Policy shall comply with The Co-op Mission Statement and the budget.

5.3. **Audit and Compliance.** The GM shall take the necessary steps to ensure the integrity of our systems and procedures; to see that they comply with all pertinent legal, regulatory, and professional requirements; and to report to the Board any material variations or violations.

5.3.1. **External Review or Audit.** An independent auditor will be hired and supervised by the Finance Committee. In the case of an audit, the GM and the Board shall work with the auditor to gain an unqualified opinion on the annual financial statements and respond in detail to items in the auditor's management letter concerning opportunities to improve systems and procedures related to financial controls. Review and audits will be conducted in accordance with The Co-op Bylaws

5.3.2. **Internal Compliance.** The GM shall meet all requirements for complying

with federal, state, or local laws and regulations. The GM shall maintain a list of compliance tasks and reports that are required of a co-op and periodically submit the list for inspection by the Finance Committee.

5.4. Succession. The GM will develop a contingency plan that ensures that The Co-op is prepared for the loss or absence of key management personnel. The plan will address operations in the event of the absence of the GM. The plan will be kept current and presented to the Board annually in November.

5.5. Conflict of Interest. Directors shall be under an affirmative duty to disclose their actual or potential conflict of interest in any matter under consideration by the Board. Unless otherwise determined by the Board, a director having a conflict of interest in any matter may not participate in the discussion or decision of an issue involving that matter. Such matter shall be made a matter of record in the minutes of the meeting. A transaction in which a director has an interest may be approved only by a majority of directors who have no interest in the transaction and upon a determination that the transaction is fair to The Co-op. Directors shall at all times maintain the confidentiality of sensitive matters. Directors shall acknowledge The Co-op's Conflict of Interest policy by signing an *Acknowledgment of Understanding and Adherence* annually or as requested by the Board President.

5.6. Miscellaneous. [Include other policies that don't naturally fit into one of the other major sections.]

5.6.1. Newsletter Policy

- Development of editorial policies for the Potsdam Food Co-op newsletter or other outreach tools (e.g., blog) shall be the responsibility of the Board of Directors.
- Newsletter pickup and distribution and online (newsletter/blog) maintenance shall be the responsibility of the GM.
- Production, layout, and design decisions for individual issues of the newsletter/blog shall be the responsibility of the Editor(s). The Editor(s) shall, in all decisions, adhere to newsletter/blog policy as determined by the Board of Directors.
- General decisions of newsletter/blog production, design and content shall be the responsibility of the Editor(s) in consultation with the Board and GM.
- Newsletter/blog Editor(s) shall be appointed by the Board in consultation with Management.
- The procedure for establishing due dates and content should all be in accordance with the document in the Board President's Reference Book.

5.6.2. Email policy. While the Board has no email voting per se, the Executive Committee may solicit Board member input on an issue by email. As with all actions made by the Executive Committee, these actions will be reported to the Board and affirmed or denied at the next Board meeting.

5.6.3. Community Donations Policy

- 5.6.3.1. Donations from The Co-op:** One way the Potsdam Co-op seeks to fulfill our mission is by contributing to local projects and programs that reflect our values and priorities. While most contributions will likely be "in-kind" donations of Co-op products, The Co-op may from

time to time also make monetary donations. To facilitate this, The Co-op Finance Committee will include a “donations” line in The Co-op’s operating budget. Donations of goods or cash, up to the amount budgeted, may be made at the discretion of the GM. The GM shall track and report on those contributions at regular Board meetings. All donation requests should be sent to the General Manager, Potsdam Co-op.

5.6.3.1.1. In general, The Co-op may contribute to projects that:

- Are relevant to The Co-op’s mission and values.
- Provide an opportunity for Co-op to actively participate in the project, in addition to offering material support.
- Result in positive publicity that mentions the Potsdam Co-op.

5.6.3.1.2. As a general rule, The Co-op will not contribute to projects that:

- Benefit only one individual or a very small number of individuals
- Are ongoing “annual campaign” appeals with no specific program or project identified.
- Require multiple-year commitments.

5.6.3.2. **Donations from individual Co-op shoppers/members:**

Separate from any donations made by Co-op itself, The Co-op may from time to time allow and facilitate customers to donate toward selected organizations or projects. The Board recommends that, with the exception of the long-standing Baking Contest support for the Potsdam Neighborhood Center:

- This should be limited to occur only once per year, on a designated “Co-op Gives Back” month.
- The GM work with staff to select a local charity and provide clear guidance about the manner in which staff can solicit donations from customers.
- The practice should be discontinued if met by significant negative customer response.